A review of the nature of Islamic ethics practices followed by Saudi businesses

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Abstract

The aim of this research is to provide insights about the nature of Islamic ethics practices followed by Saudi businesses currently. The Google Scholar search engine was used to locate relevant literature. The search terms used were 'Islamic Ethics', 'Business' and 'Saudi Arabia'. A total of 5 papers finally selected for a review based on their relevance. The review found that: Islamic ethics in the Saudi business context is still relatively unexplored compared to ethics in the western business context; Islamic ethics share some common principles with ethical practices in the western context, however, there are some additional principles which pertain to Islamic ethics only such as trust and benevolence; Islamic ethics play a major role in the Saudi business context; Business is considered an acceptable and dignified occupation in Islam and Islam encourages the creation, acquisition and consumption of wealth, as long as certain conditions are adhered to; Islamic work ethic has economic, moral and social dimensions. These along with basic principles of Islamic work ethic provide the faithful with a sense of worthiness and strengthen organizational commitment and continuity. The work is viewed not as an end in itself, but as a means to foster personal growth and social relations; and Managers are highly committed to the Islamic work ethic and shows a moderate tendency toward individualism, and demographic and organizational variables have a minimal influence on managerial orientations. The findings from this research provide insights about the role that Islamic ethics play in the context of business in Saudi Arabia. It is expected that these findings will inform people and businesses looking to engage with Saudi Arabia for business purposes and lead to more successful collaborations for all concerned.

Keywords: Islam, Islamic Ethics, Business, Saudi Arabia

Introduction

The Oxford Dictionary (2018) defines ethics as "Moral principles that govern a person's behaviour or the conducting of an activity." According to the website All About Worldview (2018), there is a strong link between Islamic ethics and laws. Traditionally, Muslims derive their ethics from the Quran and the Hadith. The behaviour and activity that is not aligned with the Islamic ethics and laws is called haram. Some of the items/behaviours/activities that are haram include certain foods an drinks (e.g., pork and alcohol), and adultery. In the context of business, the charging unjust interest (referred to as riba), bribery, stealing, and gambling are considered haram (Samiullah, 1982; Al-Qardawi, 1999). Additionally, all forms of deceit and dishonesty in business is also considered haram (Samiullah, 1982; Al-Qardawi, 1999).

Saudi Arabia is an Islamic country and the Islamic culture and laws are an integral part of the fabric of the country. The Saudi economy is transitioning from an oil based economy to a non-oil based economy (Rahal, 2017; Wamda Research Lab, 2017). This has meant that there is going to be a greater need for Saudi Arabia to do business with the outside world Including more imports). The aim of this research is to provide insights about the nature of Islamic ethics

practices followed by Saudi businesses currently. It is possible that there is a difference between what is preached and what is actually followed in reality. The findings from this research are expected to inform people and businesses looking to engage with Saudi Arabia for business purposes. The next section provides details about the methodology used for this research.

Methodology

The Google Scholar search engine was used to locate relevant literature. The search terms used were 'Islamic Ethics', 'Business' and 'Saudi Arabia'. The search yielded a large number of relevant papers. The papers available in the first five web pages were reviewed and classified based on their contents irrespective of the year (any time) of publication. A total of 5 papers finally selected for a review based on their relevance. The findings from the review are summarized in the next section.

Review

Uddin (2003) researched the framework of business in Islam. The author highlighted that there was a need for such a study because some of the Islamic principles were often confused with activities contrary to its teachings. The author conducted a review of relevant literature and found that Islamic ethics play a major role in business. Additionally, the author found that business is considered an acceptable and dignified occupation in Islam and Islam encourages the creation, acquisition and consumption of wealth, as long as certain conditions are adhered to.

Beekun and Badawi (2005) studied the balance between ethical responsibility and multiple stakeholders from an Islamic perspective. The authors conducted a review and found that the Islamic approach to business ethics shares the principles of stakeholder theory such as justice and balance. However, there are some additional principles which pertain to Islamic ethics only such as trust and benevolence.

Ragab Rizk (2008) researched the Islamic perspective on business and work ethics. The author asserted that business ethics are ever important due to the failures of some major corporates worldwide and the role business ethics played in this. Additionally, Islamic ethics are not very well understood by western businesses. The author studied a range of relevant works published over the past two decades and compared it with and extracts from the Quran. The research found that in Islam there is much with which to construct an authentic Islamic approach to ethics. It also highlighted the need to examine the work ethic and other work-related attitudes in the context of business in Islamic countries.

Ali and Al-Owaihan (2008) conducted a critical review of the Islamic work ethic. The authors looked into the nature of Islamic work ethic in the context of cultural and political evolution and offered a cultural and religious perspective pertaining to organization and management. The research found that the Islamic work ethic has economic, moral and social dimensions. These along with basic principles of Islamic work ethic provide the faithful with a sense of worthiness and strengthen organizational commitment and continuity. The work is viewed not as an end in itself, but as a means to foster personal growth and social relations.

Ali (1992) studied the Islamic work ethic in Saudi Arabia. The author surveyed 117 managers in Saudi Arabia. The analysis of the data found that managers were highly committed to the Islamic work ethic and showed a moderate tendency toward individualism. Additionally, the author

found that demographic and organizational variables had a minimal influence on managerial orientations.

Conclusions

The aim of this research was to provide insights about the nature of Islamic ethics practices followed by Saudi businesses currently. The review found the following:

1. Islamic ethics in the Saudi business context is still relatively unexplored compared to ethics in the western business context.
2. Islamic ethics share some common principles with ethical practices in the western context, however, there are some additional principles which pertain to Islamic ethics only such as trust and benevolence.
3. Islamic ethics play a major role in the Saudi business context.
4. Business is considered an acceptable and dignified occupation in Islam and Islam encourages the creation, acquisition and consumption of wealth, as long as certain conditions are adhered to.
5. Islamic work ethic has economic, moral and social dimensions. These along with basic principles of Islamic work ethic provide the faithful with a sense of worthiness and strengthen organizational commitment and continuity. The work is viewed not as an end in itself, but as a means to foster personal growth and social relations.
6. Managers are highly committed to the Islamic work ethic and show a moderate tendency toward individualism. Additionally, the demographic and organizational variables have a minimal influence on managerial orientations.

The findings from this research provide insights about the role that Islamic ethics play in the context of business in Saudi Arabia. It is expected that these findings will inform people and businesses looking to engage with Saudi Arabia for business purposes and lead to more successful collaborations for all concerned.

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